

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Franchise Investment Protection Act of the
State of Washington by:

Childcare Seekers One Stop, Inc., Christina Hart,
their employees and agents,

Respondents.

S-03-011-03-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST AS TO
CHILDCARE SEEKERS ONE STOP, INC. AND
CHRISTINA HART

Case No. 02-11-449/ACO No. 12398

THE STATE OF WASHINGTON TO:

Childcare Seekers One Stop, Inc.
Christina Hart
3824 River Road North, Suite 254
Keizer, Oregon 97303

On February 3, 2003, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist S-03-011-03-TO01, herein referred to as the "Summary Order." The Summary Order, together with Notices of Opportunity to Defend and Opportunity for Hearing (hereinafter referred to as "Notices of Opportunity for Hearing") and Applications for Adjudicative Hearing (hereinafter referred to as "Applications for Hearing") were mailed by certified mail to Respondents Childcare Seekers One Stop, Inc. and Christina Hart and were signed for no later than February 7, 2003. The Notices for Opportunity for Hearing advised Respondents that they had twenty days from the date they received the notice to file written Applications for Hearing on the Summary Order.

Respondents Childcare Seekers One Stop, Inc. and Christina Hart each failed to request an administrative hearing within twenty days from the date they received the Summary Order and Notice of Opportunity for Hearing, either by use of an Application for Hearing or otherwise.

1 Based upon the above, the Securities Administrator hereby adopts as final the findings of fact and
2 conclusions of law as set forth in the Summary Order.

3 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

4 FINDINGS OF FACT

5 I.

6 Childcare Seekers One Stop, Inc. ("Childcare Seekers") is an Oregon corporation with a principal
7 business address of 3824 River Road North, Suite 254, Keizer, Oregon. Childcare Seekers grants
8 franchises for publishing childcare referral directories for the purpose of providing information to childcare
9 providers, clients, and potential clients about childcare services or facilities in located within given
10 geographic areas (the "childcare directory opportunity"). Christina Hart ("Hart") is the President of
11 Childcare Seekers.

12 II.

13 A Washington resident, responding to a magazine advertisement, contacted Childcare Seekers One
14 Stop, Inc. in or about August of 2001 about the childcare directory opportunity. Ultimately, on September
15 1, 2001, the Washington resident executed an agreement with Childcare Seekers One Stop, Inc. and
16 Christina Hart for a childcare directory business to be located in Clark County, Washington. The License
17 Agreement provided, in relevant part, the following:

18 LICENSE AGREEMENT

19 Recitals:

- 20 A. Licensors has developed a Childcare referral directory for the purpose of providing information to
21 Childcare providers, clients, and potential clients.
22 B. Licensee desires to acquire a license to use the certain directory format for the purpose of
23 providing Childcare information to Childcare providers, clients and potential clients in the
24 community commonly known as: Clark County, WA

25 Agreements:

- 26 1. License. Licensors grants to Licensee a non-transferable and non-exclusive license to use
the Childcare directory format specified in Exhibit "A" ("Licensed Format") within the community
described in the Recitals, section B, described above, only upon the terms and restrictions set forth in this

1 License Agreement. Licensor reserves all rights not expressly granted to Licensee hereunder including
2 without limitation copyright rights, technical information, trade secrets, know-how, and all other property
3 and rights. The Licensed Format shall not be used in any other community within the United States nor
4 foreign country without the express written consent of Licensor...

5 2. License Fee. Licensee shall pay Licensor a fee of \$2,500.00 down, payable at the time of
6 signing of this License Agreement, and the remaining balance due under the terms and conditions of the
7 Installment Payment Options Attached...

8 2.1 Licensee agrees to pay Licensor an annual License Fee of \$1,800.00 annually payable under the
9 terms and conditions of the Installment Payment Options. No early payment penalties will be
10 imposed for early payment of Annual License fees or any amount financed. Licensor agrees not
11 to change the Annual License Fee for the duration of this License Agreement.

12 3. Confidentiality. Licensee agrees that it will not use any confidential information or trade
13 secrets, except as expressly authorized by this License Agreement, and that it will not disclose any
14 confidential information or trade secrets to any person, including employees of Licensee, except with the
15 prior written consent of Licensor... Licensee agrees that it will guard against the unauthorized use or
16 disclosure of the Licensed Format and all copyrighted or copyrightable material and all confidential
17 information and trade secrets with the greatest care. Licensee agrees that neither it or its employees will,
18 in any form, including without limitation, replicate, duplicate or otherwise adopt or use the Licensed Format,
19 any and all copyrighted or copyrightable material and all confidential information and trade secrets. Upon
20 termination of this contract Licensee agrees to return to the company all documents and property pertaining
21 to Childcare Seekers One Stop, Inc., including but not limited to drawings, records, reports, manuals,
22 correspondence, customer lists, computer programs, inventions, and all other materials and all copies there
23 of relating in any way to the companies business obtained by Licensee throughout the duration of this
24 License Agreement...

4. Licensed Format. The license granted Licensee, shall be a temporary, non-exclusive and
non-transferable license, to possess and distribute a childcare directory... Licensee agrees that it will
ensure that each copy of the Childcare Seekers Directory contains copyright notices as follows: "Copyright
© (insert dates of original publication and revisions) 'Childcare Seekers, Inc. All Rights Reserved.'..."

The Washington resident paid Childcare Seekers One Stop, Inc. \$2,500 in furtherance of the License
Agreement. The Washington resident was not provided with a Uniform Franchise Offering Circular
("UFOC") containing complete material information about the childcare directory opportunity including, but
not limited to, a financial statement for the seller.

III.

Respondents, acting in concert or on behalf of each other, as well as having placed information or
advertisements concerning the childcare directory opportunity in a magazine or magazines, have maintained

1 and continue to maintain a web site at www.childcareseekers.com. The Internet website contains, among
2 other things, the following text:

3
4 What do I get as a Childcare Seekers One Stop Business Owner?

5 A Protected Territory

6 We will not license any other Childcare Seekers Associate in your territory.

7 Initial Supplies

8 Included with your license are letterhead, envelopes, forms and applications, business cards, & brochure templates.

9 Ongoing advertising

10 We provide a web page for all active associates at no cost to you for the life of your License Agreement so that childcare providers and parents can have a direct link to you and your directory.

11 Use of Childcare Seekers Directory Name, Copyrighted Format and Logo

12 You will obtain the license rights to use the Childcare Seekers Directory format along with other copyrighted materials.

13 Our Exclusive Database

14 You may utilize this database for advertising for your clients.

15 Operations Manual

16 Our manual will help guide you with policies and procedures suggested to operate your business.

17 Customized Forms on Disk

18 This disk includes forms necessary to run your business. Online Childcare Seekers Associate Library.

19 Tutorial Site

20 You will receive access to the companies tutorial site which has a variety of "How To" information and tips for operating your business, including directory cover graphics, and templates, etc.

21 Referral Support

22 We will act as a hub for any new clients who may come through our corporate office or (via national advertising or our website) and refer clients to you if they are in your territory.

23 Ongoing Support

24 We will be available to answer your questions! Free Telephone support is provided Mon-Thursday 9:00am-2:00pm PST.

A Turn Key Business

What Childcare Seekers provides is a ready made business! All you have to do is market your territory, build your cliental, and receive the income!...

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2 IV.

3 The Respondent Childcare Seekers One Stop, Inc. is not currently registered to offer and/or sell
4 franchises in the state of Washington and has not previously been so registered.

5 Based upon the above Findings of Fact, the following Conclusions of Law are made:

6 CONCLUSIONS OF LAW

7 I.

8 The offer and/or sale of the Childcare Seekers One Stop, Inc. childcare directory opportunity as
9 described above constitutes the offer and/or sale of a franchise as defined in RCW 19.100.010(16) and
10 RCW 19.100.010(4).

11 II.

12 The offer and/or sale of said franchise as described above was made in violation of RCW
13 19.100.020 because no registration or notification of claim of exemption for such offer and/or sale is on file
14 with the Administrator of Securities and it appears that the Respondents do not otherwise qualify for an
15 exemption from registration.

16 III.

17 The offer and/or sale of said franchise as described above was made in violation of RCW
18 19.100.170 because Respondents failed to provide actual or prospective Washington purchasers with a
19 UFOC containing complete material information about the childcare directory opportunity including, but not
20 limited to, a financial statement for the seller.

21 FINAL ORDER

22 Based on the foregoing, NOW THEREFORE IT IS HEREBY ORDERED That Respondents
23 Childcare Seekers One Stop, Inc., Christina Hart, and their agents and employees each cease and desist
24

1 from offering and/or selling franchises in any manner in violation of RCW 19.100.020, the registration
2 requirement provision of the Franchise Investment Protection Act.

3 It is further ORDERED That Respondents Childcare Seekers One Stop, Inc., Christina Hart, and
4 their agents and employees each cease and desist from offering and/or selling franchises in any manner in
5 violation of RCW 19.100.170, the antifraud provision of the Franchise Investment Protection Act.

6 This Order is entered pursuant to RCW 19.100.120 and RCW 19.100.130, and is subject to the
7 provisions of chapter 34.05 RCW. Willful violation of this Order is a criminal offense.

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9 Dated this 3rd day of March 2003.

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13 Deborah R. Bortner
14 Securities Administrator

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16 Presented by: _____
17 Brad Ferber
18 Financial Legal Examiner

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20 Approved by: _____
21 Michael Stevenson
22 Chief of Enforcement

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Dated this _____ day of _____ , 2003.

Address (if correction is necessary):
